LEMMINKÄINEN FINANCIAL STATEMENT BULLETIN 2011:

Stronger competitiveness, marked improvements in profitability

Highlights for October-December 2011, compared with the corresponding period of the previous year: In line with expectations, considerable income was recognized for own residential development during the last quarter.

- Net sales grew in October-December by 31%, amounting to EUR 659.0 million (503.6).
- The net sales of operations outside Finland grew by 82% and amounted to EUR 231.2 million (127.0).
- The order book grew by 14% and was EUR 1,400.4 million (1,226.4) at the end of 2011.
- Operating profit improved to EUR 9.2 million (5.3). Operating margin was 1.4% (1.1).
- Pre-tax profit amounted to EUR 3.0 million (0.1).
- Earnings per share were EUR -0.03 (-0.14).

Highlights from 2011 compared to the previous year: Financial results improved markedly; particularly for infrastructure construction, the year was excellent.

- Net sales grew in by 24%, amounting to EUR 2,274.1 million (1,829.6).
- The net sales for operations outside Finland grew by 44% and amounted to EUR 780.3 million (543.5).
- Operating profit improved and amounted to EUR 53.5 million (29.6). Operating margin was 2.4% (1.6).
- Pre-tax profit amounted to EUR 34.6 million (7.6).
- Earnings per share were EUR 1.77 (0.02).
- Balance sheet total at the end of the reporting period was EUR 1,242.8 million (1,062.0), and interest-bearing net debt amounted to EUR 401.2 million (349,2).
- The Board of Directors proposes a dividend of EUR 0.50 per share (0.50).
- Operating profit and pre-tax profit for 2011 do not include the EUR 15.3 million impact of the sale of the roofing business.
- Earnings for the review period are improved by EUR 11.0 million in negative goodwill from the Mesta Industri AS acquisition

Key figures, IFRS, EUR million	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010	Change
Net sales	659.0	503.6	31 %	2,274.1	1,829.6	24 %
- of which operations outside Finland	231.2	127.0	82 %	780.3	543.5	44 %
Operating profit	9.2	5.3	74 %	53.5	29.6	81 %
Operating margin %	*1.4*	*1.1*		*2.4*	*1.6*	
Pre-tax profit	3.0	0.1		34.6	7.6	over 100%
Earnings from discontinued operations		-0.5		11.3	-0.6	
Result for the financial year	-0.1	-1.9		35.6	1.2	over 100%
Earnings per share, EUR	-0.03	-0.14	79 %	1.77	0.02	over 100%
Cash flow from business operations	-20.8	45.1		-7.1	-37.2	81 %

Key figures, EUR million	31.12.2011	31.12.2010	Change
Order book	1,400.4	1,226.4	14 %
- of which unsold	206.3	135.3	53 %
- of which operations outside Finland	482.5	294.3	64 %
Balance sheet total	1,242.8	1,062.0	17 %
Interest-bearing net debt	401.2	349.2	15 %
Equity ratio, %	*30.8*	*35.0*	
Gearing, %	*114.5*	*105.7*	
Return on investment, %	*10.8*	*7.0*	

President & CEO Timo Kohtamäki:

Timo Kohtamäki, President & CEO of Lemminkäinen, is satisfied with the turnabout accomplished last year: ‘Our net sales, result and order book grew, which means we are more competitive than before. Last year, we improved our production efficiency, developed our procurement operations, and initiated a EUR 50 million efficiency programme. We already have visible results, even though the full extent of the improvements will materialise in the years to come.'

The competitiveness has most clearly improved in Lemminkäinen's infrastructure construction, where traditional asphalt and mineral aggregates operations are now complemented by strong expertise in the areas of rock and foundation engineering. ‘Despite the rise in the cost of raw materials, infrastructure construction reached a significantly improved result. Business operations in Denmark and Norway, in particular, had a strong year’, says Kohtamäki. ‘In residential construction, too, sales were steady all through the year and results were good.’

In 2012, Lemminkäinen seeks to improve its profitability and strengthen its balance sheet. 'The focus of our business activities will move towards the segments with better profitability – for example, to our own residential construction in Finland and St. Petersburg. Maintenance and servicing for technical building systems will also be bolstered. In less profitable business areas, we will look for ways to cut costs and improve the efficiency of our operations. To further strengthen our balance sheet, we have paid special attention to working capital management and optimisation. Our target is to release approximately EUR 100 million of net working capital by the end of 2013,’ outlines Kohtamäki.

Profit guidance realisation in 2011

In late 2010, Lemminkäinen estimated that its net sales in 2011 would increase and that its pre-tax profit would clearly improve on 2010. The guidance was kept intact throughout the year. In 2011, the net sales of Lemminkäinen grew by 24%, and the company’s pre-tax profit grew nearly five-fold compared to the previous year.

Profit guidance for 2012

Lemminkäinen estimates that in 2012, its net sales will remain on the same level as in 2011, and that its pre-tax profit will improve on 2011. This company’s estimate of its net sales and profitability development is based on the year-on-year growth in the order book and its margins. The guidance is also based on the assumption that the market situation will not deteriorate considerably from late 2011.

Market outlook

In 2012, the total volume of construction in Finland is estimated to remain at the level of 2011. The order book for construction companies was relatively good in the beginning of 2012. The uncertain financial outlook may, however, delay the start of new projects. Regional differences will be more prominent, and construction is estimated to be busier in the Helsinki metropolitan area and in growth centres than in other regions of the country. The volume of infrastructure construction in Sweden, Norway and Denmark is expected to grow by 3-8 per cent in 2012. The need for new residential units in St Petersburg, Russia is still great.

Briefing

A Finnish-language briefing for analysts and the media will be held at 2.00 p.m. on Thursday, 9 February at Lemminkäinen's head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. The financial statement bulletin will be presented by President & CEO Timo Kohtamäki. Presentation material on the financial statement bulletin is available in Finnish and English on the Company's website, www.lemminkainen.com.

Annual General Meeting 2012

The date for Lemminkäinen's Annual General Meeting has changed: Lemminkäinen Corporation's Annual General Meeting for 2012 will be held on Monday, 2 April 2012 at 2:00 p.m. Each shareholder who is registered on 21 March 2012 in the shareholder register of the Company maintained by Euroclear Finland Ltd has the right to participate in the General Meeting. For more information on Lemminkäinen's Annual General Meeting and registration for the meeting, visit the company web pages at www.lemminkainen.com.

Financial reporting in 2012

In 2012, Lemminkäinen Corporation will release one financial statement bulletin and three interim reports as follows:

9 February 2012 – Financial statement bulletin 2011
3 May 2012 – Interim report, January - March 2012
2 August 2012 – Interim report, January - June 2012
1 November 2012 – Interim report, January - September 2012

LEMMINKÄINEN CORPORATION
Corporate Communications

More information:
Timo Kohtamäki, President & CEO, tel. +358 2071 53263
Robert Öhman, CFO, tel. +358 2071 53515
Katri Sundström, Investor Relations, tel. +358 2071 54813

Attachments:

Financial statement bulletin 2011

Tabulated sections of the financial statement bulletin.

Distribution:

NASDAQ OMX Helsinki Ltd

Key media

www.lemminkainen.fi

FINANCIAL STATEMENT BULLETIN 1 January - 31 December 2011

OPERATING ENVIRONMENT IN 2011

Finland

The operating environment for construction was stable during the first half of the year, but in the autumn economic uncertainty increased markedly. However, weakened consumer confidence did not impact in residential unit sales, which remained steady during the entire year. Low interest rates, insignificant growth of unemployment, and the population shift to growth centres have maintained demand for new housing.

After two consecutive years of decline, there was an upturn in the construction of business and commercial premises in 2011. The total annual volume of business premise construction still lagged behind the peak year of 2008 by approximately one fifth. Trading in real estate slowed down towards the end of the year, and the yield requirements for sites, particularly outside growth centres, were up slightly. A great number of construction projects were being planned. Finding tenants, however, proved to be challenging, and this slowed down project initiation. After the 2008 recession, the annual number of start-ups in industrial construction has remained below the long-term average.

The total volume of infrastructure construction decreased for the third year running. The government and municipalities have cut their allocations for basic road maintenance and road investments. The market for rock engineering was good. Demand was maintained particularly by underground rock excavation works in growth centres and mine investments in Northern Finland. New building construction projects kept the demand for geotechnical engineering works, concrete construction and mineral aggregates at a good level. The volume of paving works remained close to the level of the previous year despite the price increase for bitumen products.

Growth in building construction increased the demand for technical building projects as well as for maintenance and servicing. Demand for electrical contracting was down after the summer, but regional variations were considerable. As for technical building system renovation projects, the order book grew due to piping renovations in residential buildings, repairs improving the energy efficiency of buildings, and changes in heating methods.

Other markets

In Sweden, highly active mining operations and major tunnel projects have kept rock engineering contractors busy in 2011. The state of Sweden has allocated considerable resources to the development of the country’s infrastructure, thus increasing the total volume of infrastructure construction for several years running. The building construction market situation in Sweden is good for renovation projects in particular.

The volumes of infrastructure construction in Norway and Denmark grew by approximately 5 per cent in 2011. In both countries, the paving season was better than in the previous year. Demand for infrastructure construction was also boosted by the growth of the energy supply sector, and several ongoing road and rail projects.

The economies of the Baltic countries started out on the road to recovery, but construction was still muted. The number of road construction and renovation projects exceeded that of the previous year. In Estonia, demand for infrastructure construction grew faster than in other Baltic countries.

According to the estimates of Euroconstruct, the volumes of new residential construction in St. Petersburg, Russia, grew by approximately 10 per cent compared to the previous year, with the value of the business reaching EUR 2.8 billion. Prices for new apartments were up by approximately 8 per cent. The demand for residential construction in Russia was supported particularly by the growth in consumer purchasing power, and the better availability of consumer mortgages. More and more apartment buyers finance their apartment with a mortgage, and the numbers of granted mortgages showed a considerable increase.

STRATEGY IMPLEMENTATION IN 2011 AND UPDATES TO THE STRATEGY

Lemminkäinen published its current strategy for the period 2010 – 2013 in November 2009. In October 2011, the company updated its strategy and confirmed its financial targets.

The key goals of Lemminkäinen’s strategy are profitable growth and strengthening of the Group’s financial position. The growth target for the company's net sales is an average of 10 per cent by the end of the 2010 - 2013 strategic period. The Group's other financial target levels are return of investment over 18 per cent, and equity ratio of at least 35 per cent. The company seeks to issue dividends corresponding to at least 40 per cent of the result of the financial period.

Financial target levels and their achievement in 2011

Lemminkäinen’s financial targets	Target level	Actual in 2011	Actual in 2010
Return on investment	over 18 per cent at the end of the strategic period	10.8%	7.0%
Equity ratio	at least 35 per cent	30.8%	35.0%
Growth in net sales	10 per cent on average by the end of the strategic period	24%	-4%
Payment of dividend	40 per cent of the result of the financial period	28%[1)]	over 100%

[1)] Board of Directors’ proposal on dividends

In 2011, the net sales of Lemminkäinen grew by 24 per cent, and the company more than quadrupled its pre-tax profit. At 10.8 per cent, return on investment had also improved on the previous year. Profitability does not, however, meet set targets yet, but the company is clearly moving in the right direction. Strategy updates in the autumn of 2011 and the efficiency programme set up by Lemminkäinen are initiatives whose primary goal is to improve the Group's profitability. At 30.8 per cent, equity ratio was weaker than in the previous year. This was partly due to the growth of Lemminkäinen’s business volumes and the capital invested in own residential development. Proposed dividends for 2011 are EUR 0.50 per share, equalling 28.3 per cent of the company’s result for the financial period. In 2010, when the result of the financial period was EUR 0.02 per share, the company paid out dividends at EUR 0.50 per share.

Key points of the autumn 2011 strategy update

On 10 October 2011, Lemminkäinen published its specified strategic focus for the period ending in 2013. The company's key strategic targets and financial target levels remained unchanged.

In business operations, focus will shift to more profitable segments. In Building Construction, Lemminkäinen aims to increase the share of operations accounted for by its own development to over 50 per cent of the sector's net sales (about 30 per cent in 2011) and strengthen the company's market share in residential construction. Maintenance and servicing for technical building systems will also be bolstered. The goal is to raise the service business share of the Technical Building Services' net sales to approximately 50 per cent (about 30 per cent in 2011).

Lemminkäinen looks for growth in its international operations, in particular. In St Petersburg, the company seeks to start up the construction of about 1,000 residential units annually. The company intends to increase net sales from infrastructure construction in Norway, Denmark and Sweden by a total of about EUR 100 million in 2012-2013. In addition to the paving business, Lemminkäinen is seeking growth from special contracting in infrastructure construction, in which the Company has achieved a good competitive position in, for example, the growing Nordic market for rock engineering and geotechnical engineering works. Growth can also be accelerated through acquisitions.

Efficiency programme to boost the achievement of strategic targets

When Lemminkäinen updated its strategy, it also initiated an efficiency programme aiming at improving profitability. The programme seeks annual cost-savings of EUR 50 million after 2013. Boosting efficiency in procurements will yield about EUR 30 million of these savings. Savings of approximately EUR 20 million are sought by improving the efficiency of operations, existing processes, the business locations network and organisational and management structures. As part of the efficiency programme, Lemminkäinen initiated personnel negotiations in the autumn of 2011. As a result of the negotiations, Lemminkäinen will make a reduction of a maximum of 300 man-years during 2011-2012.

International Operations to be the Company's fourth business sector

Effective 1 January 2012, Lemminkäinen created a new business sector – the company's fourth – out of its international operations in order to ensure profitable growth and the company's competitiveness in an international operating environment. In addition to Finland, Lemminkäinen's main market areas comprise Russia, the other Nordic countries, and the Baltic countries.

NET SALES

Net sales by business sector, EUR million	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010	Change
Building construction	288.2	247.7	16%	894.1	770.2	16%
Infrastructure Construction	317.1	225.5	41%	1,178.8	932.9	26%
Technical building services	84.7	74.1	14%	293.9	269.1	9%
Other operations and Group eliminations	-14.6	-18.6	22%	-59.4	-61.2	3%
Business sectors, total	675.3	528.7	28%	2,307.4	1,911.0	21%
Reconciling items	-16.3	-25.1	35%	-33.3	-81.4	59%
Group, total (IFRS)	659.0	503.6	31%	2,274.1	1,829.6	24%
- of which operations outside Finland	231.2	127.0	82%	780.3	543.5	44%

Last quarter of 2011

In October-December, consolidated net sales saw year-on-year growth of 31% and amounted to EUR 659.0 million (503.6). Net sales were boosted by own residential construction, special contracting in infrastructure construcion, and paving operations in both Norway and Denmark. Growth in building construction increased the demand for technical building system projects as well as maintenance and servicing.

Year 2011

Lemminkäinen’s net sales grew in by 24%, amounting to EUR 2,274.1 million (1,829.6). Net sales grew in all Group´s business sectors. In Finland, residential development increased from the previous year with Lemminkäinen completing a total of 1,077 (418) residential units as own development. In infrastructure construction, the net sales growth was boosted by the underground infrastructure projects in growth centres and the mine excavation works in Northern Finland. Bustling building construction also increased the demand for mineral aggregates, concrete products, and technical building services.

In addition to Finland, Lemminkäinen’s main market areas comprise Russia, the other Nordic countries, and the Baltic countries. In 2011, the company’s net sales from operations outside Finland saw year-on-year growth of 44 per cent, and amounted to EUR 780.3 million (543.5). The growth of Lemminkäinen's paving contracting operations in Norway was fortified by the acquisition of Mesta Industri AS. During the current year, and for the first time, the company’s net sales from paving operations in Norway exceeded those accrued in Finland. Infrastructure business operations in Denmark and the Baltic countries as well as building construction in Sweden also exceeded the levels of the previous year. Net sales from operations in Russia were approximately on a par with the level of the previous year.

Of the net sales during the review period, 66% (71) was generated in Finland, 23% (17) in other Nordic countries, 5% (5) in Russia and 6% (7) in other countries.

OPERATING PROFIT

Net sales by business sector, EUR million	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010	Change
Building construction	15.6	18.1	-14%	16.3	25.6	-36%
Infrastructure Construction	-3.6	-4.9	27%	63.9	15.3	over 100%
Technical building services	4.3	-1.7		5.2	4.5	16%
Other operations	-5.9	-4.6	-28%	-16.6	-15.6	-6%
Business sectors, total	10.5	6.7	57%	68.8	29.7	over 100%
Reconciling items	-1.3	-1.4	7%	-15.3	-0.1	over 100%
Group, total (IFRS)	9.2	5.3	74%	53.5	29.6	81%

Operating margin by business sector, %	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Building construction	5.4	7.3	1.8	3.3
Infrastructure Construction	-1.1	-2.2	5.4	1.6
Technical building services	5.1	-2.3	1.8	1.7
Group, total (IFRS)	1.4	1.1	2.4	1.6

Last quarter of 2011

In October-December, the Group's operating profit improved by 74% and amounted to EUR 9.2 million (5.3). Operating margin was 1.4% (1.1). As expected, the result for 2011 in building construction was largely recognised on the last quarter, since own residential development projects were completed at the end of the year. In the corresponding period in 2010, the company also had non-recurring capital gains from equipment sales. In infrastructure construction, the paving season continued for longer than in the previous year. The profitability improvement measures implemented in technical building services began to make an impact in the result for this sector towards the end of the year.

Year 2011

Lemminkäinen's operating profit in 2011 improved by 81% and amounted to EUR 53.5 million (29.6). Operating margin was 2.4% (1.6). In infrastructure construction, the result more than quadrupled year-on-year. Profitability improved especially in the concrete business sector and in the paving operations of Norway and Denmark. In building construction, more own housing development projects were completed than in the previous year. The result for this sector was, however, burdened by the low profitability of contracting and the rise in the costs of construction. The company had non-recurring capital gains from equipment sales in 2010. The profitability of Technical Building Services improved during the second half of the year, particularly because of the upturn in the market and the impact of the Company´s internal profitability improvement measures.

Lemminkäinen's operating profit for 2011 was also improved by EUR 11.0 million in negative goodwill from the Mesta Industri AS acquisition. Consolidated operating profit does not include EUR 15.3 million in capital gains from the sale of the roofing business. Its impact is recorded in the Group's result for the review period and earnings per share.

ORDER BOOK

Order book by business sector, EUR million	31.12.2011	31.12.2010	Change
Building construction	768.5	683.9	12%
- of which unsold	206.3	135.3	52%
Infrastructure Construction	521.8	416.6	25%
Technical building services	110.0	125.9	-13%
Group, total	1,400.4	1,226.4	14%
- of which operations outside Finland	482.5	294.3	64%

Lemminkäinen's order book grew by 14% and amounted to EUR 1,400.4 million (1,226.4). In Building Construction, the order book for the Finnish operations remained at the level of the previous year, whereas the order book for international operations grew. In Infrastructure Construction, the order book grew thanks to rock engineering, foundation construction and geotechnical engineering, and international business operations. In Technical Building Services, the order book remained somewhat below the level of the previous year: however, the outlook in this sector, particularly for the first half of the coming year, is relatively good. Technical Building Services have increased their attention to the margins of the order book.

Lemminkäinen's international order book grew by 64% year-on-year, and amounted to EUR 482.5 million (294.3). International orders were boosted by residential construction in Russia: at the end of 2011, the company initiated a project in the Vasily Island of St. Petersburg, comprising 400 residential apartments. In Infrastructure Construction, the order book grew particularly in the paving operations of Norway, Denmark and Estonia. Of the Group's order book, 66 (76) per cent originated in Finland, 20 (16) per cent in the other Nordic countries, 7 (3) per cent in Russia, and 7 (5) per cent in the Baltic countries and in other countries.

BALANCE SHEET, CASH FLOW AND FINANCING

The balance sheet total stood at EUR 1,242.8 million (1,062.0) on 31 December 2011. The balance sheet grew due to growth in Lemminkäinen's business operations and the increased emphasis on own residential development.

The Group's return on investment improved to 10.8% (7.0). The equity ratio of 30.8% was down on the previous year (35). The equity ratio declined due to the growth of the balance sheet. Gearing was 114.5% (105.7). Working capital grew by 20%, amounting to EUR 861.4 million (720.6). Net working capital was EUR 435.7 million (388.6). Lemminkäinen seeks to achieve an 18 per cent return on investment and an equity ratio of 35 per cent by the end of the 2010–2013 strategy period. The company also seeks to reduce its net working capital by approximately EUR 100 million.

At the end of the review period, interest-bearing debt was EUR 431.6 million (375.5), of which long-term interest-bearing debt accounted for EUR 194.6 million (214.1) and short-term interest-bearing debt for EUR 237.0 million (161.4). Interest-bearing net debt was EUR 401.2 million (349.2). Of all interest-bearing debt, 38% were with a fixed interest rate, and on 31 December 2011, the financing expenses of all interest-bearing debt was, on average, 3.4%.

Of the Company's interest-bearing debt, 17% (17) comprise loans from financial institutions, 28% (20) commercial papers, 12% (8) project loans related to own production of residential and business premises, 15% (24) pension loans, 14% (15) finance leasing liabilities and 14% (16) bonds. Moreover, the company had binding, unused credit limits in the amount of EUR 140,7 million (160,0) at the end of the review period.

Some of the Group's loan arrangements include two financial covenants that are reviewed quarterly: equity ratio and ratio of net debt to EBITDA.

Net financing expenses during the review period amounted to EUR 18.9 million (22.0), representing 0.8% (1.2) of net sales. The Group's financing expenses were reduced by the financial arrangements carried out in late 2010.

During the third quarter of the year, Lemminkäinen prepared for the uncertainty of the financial market by strengthening its cash reserve. At the end of the review period, the company's cash reserve was reduced so that its liquid assets amounted to EUR 30.4 million (26.3) on 31 December 2011.

According to the cash flow statement, the cash flow from operating activities in 2011 was EUR -7.1 million (-37.2). Growth of the sales inventory for own residential development had a major impact on the cash flow from operating activities.

BUSINESS SECTORS

BUILDING CONSTRUCTION

Key figures, EUR million	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010	Change
Net sales	288.2	247.7	16%	894.1	770.2	16%
Operating profit	15.6	18.1	-14%	16.3	25.6	-36%
Operating margin %	*5.4*	*7.3*		*1.8*	*3.3*	
Order book at year end				768.5	683.9	12%
- of which unsold				206.3	135.3	52%

Last quarter of 2011

Net sales for Building Construction grew by 16% year-on-year in the last quarter, amounting to EUR 288.2 million (247.7). The growth was mainly accounted for by own residential construction. In October-December, operating profit declined by 14%, amounting to EUR 15.6 million (18.1). In the corresponding period in 2010, the company had non-recurring capital gains from equipment sales.

Year 2011

In 2011, net sales from Building Construction grew in by 16%, amounting to EUR 894.1 million (770.2). Net sales grew particularly due to residential construction in Finland and building construction in Sweden. Of the net sales, 81% (76) came from Finland, 7% (7) from Russia, 12% (10) from Sweden and 0% (7) from other countries.

The business sector's operating profit was EUR 16.3 million (25.6). The result for the corresponding period of 2010 includes non-recurring capital gains from equipment sales. Lemminkäinen's own residential construction saw a clearly higher completion rate, and the housing market remained steady throughout the year. The result for this sector was, however, burdened by the low profitability of competitive contracting and the rise in the costs of construction. The result for Building Construction depended heavily on the last quarter, since more than half of the company's own residential development projects were completed in December.

At the end of 2011, the order book amounted to EUR 768.5 million (683.9). The order book was boosted particularly by residential construction in Russia, where Lemminkäinen initiated a new residential apartment project in St. Petersburg, comprising approximately 400 apartments. International operations accounted for approximately a quarter of the building construction order book, whereas in 2010 their share had been 13%.

Operations in Finland

In 2011, Lemminkäinen began the construction of a total of 1,612 (2,252) new residential units, of which own development accounted for 67% (45). The housing market was fairly steady throughout the year, although selling times became slightly longer around year end.

Lemminkäinen housing development[1], Finland	2011	2010	2009
Residential start-ups (own development)	1,076	1,004	351
Residential start-ups (contracted development)	536	1,248	1,090
Housing units sold	914	911	771
Completed	1,077	418	533
Under construction at end of period	989	991	405
- of which unsold	483	439	193
Completed and available for sale at end of period	224	110	263

1) Housing units sold, completed, under construction and available for sale are all own development

At the end of the period, the company owned a total of 792,000 m² of unused building rights in Finland, of which 380,000 m² were residential building rights. The company also had binding or conditional co-operation and zoning agreements for 443,000 m², of which 188,000 m² were residential building rights. The balance sheet value of the plots was EUR 104.6 million (90.1) at the end of the review period.

In the Jätkäsaari district of Helsinki, the company is building 430 units in four residential blocks. The entity comprises a total of seven buildings, two of which are Hitas projects (price and quality controlled owner-occupied flats). The last units of the residential block are estimated to be completed during 2016.

In the field of business and commercial construction, Lemminkäinen initiated numerous projects around Finland. In downtown Helsinki, the company is building three office buildings valued at a total of about EUR 150 million in Töölönlahti. Some of the buildings will also include exclusive residential units. In Sipoo and Vantaa, Southern Finland, Lemminkäinen is building two large logistics centres that will be completed in 2012 and are valued at a total of around EUR 45 million. In industrial construction, Lemminkäinen is working on significant, ongoing contracts at the Westenergy power plant in Mustasaari, and two turnkey projects in Espoo and Hämeenlinna. In Turku, Lemminkäinen is constructing a Gigantti electronics store for Virtanen Yhtiöt Oy as well as K-Citymarket supermarkets in Kokkola and Mäntsälä for Kesko.

In building construction renovation, the market situation remained favourable. In Helsinki and Porvoo, Lemminkäinen embarked on a renovation contract for a total of 18 apartment buildings, valued at a total of approximately EUR 27 million. In the Tapiola centre in Espoo, Lemminkäinen will conduct extensive renovation and construction works. The value of the project is approximately EUR 27 million, and it is estimated to be completed early in the summer of 2013.

Business operations in the real estate sector were also more active than in the previous year. In Tampere, a residential property that will be completed in the spring of 2013 was sold to SATO, one of Finland's leading corporate investors in housing. The third phase of Polaris Business Park in Leppävaara, Espoo, was sold to a German property investor. In addition, Lemminkäinen sold a number of smaller individual business premise projects around Finland to both Finnish and foreign property investors.

International operations

In Russia, the focus of Lemminkäinen's operations was in own residential construction in the St. Petersburg area. Lemminkäinen sold a total of 194 (276) residential units in St. Petersburg during 2011. The largest number of residential unit sales was concluded during the last quarter of the year. Demand for new apartments was accelerated by the better availability of consumer mortgages to Russian apartment buyers. Out of Lemminkäinen's customers, approximately a fifth financed their apartment purchase partly with a mortgage, a practice which in the previous year had been nonexistent.

In the spring of 2011, Lemminkäinen signed a framework agreement for the implementation of a vast residential construction project on Vasily Island in downtown St. Petersburg. Under the agreement, Lemminkäinen will build and develop approximately 2,000 residential units in addition to business and office premises on a 5.6-hectare lot. The total value of the project is approximately EUR 400 million. Construction is expected to begin in 2012, and last approximately five years.

In the last quarter of the year, Lemminkäinen completed a site with 150 residential units in northern St. Petersburg. The company also initiated a new site of 400 residential units on Vasily Island. The value of the inventories that Lemminkäinen had tied up in Russia at the end of the review period was EUR 46.8 million (47.9).

Lemminkäinen's own housing development, Russia	2011	2010	2009
Residential start-ups (own development)	404	154	0
Housing units sold	194	276	133
Completed	154	498	104
Under construction at end of period	404	154	479
- of which unsold	404	154	367
Completed and available for sale at end of period	82	122	22

Building construction in Sweden performed well in 2011, and the future outlook is also positive, due to the order book, which is stronger than before. In 2011, operations in Sweden accounted for 12% of Lemminkäinen's Building

Construction net sales. In Sweden, the Company primarily builds residential units and renovates business premises, particularly public buildings.

INFRASTRUCTURE CONSTRUCTION

Key figures, EUR million	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010	Change
Net sales	317.1	225.5	41%	1,178.8	932.9	26%
Operating profit	-3.6	-4.9	27%	63.9	15.3	over 100%
Operating margin %	*-1.1*	*-2.2*		*5.4*	*1.6*	
Order book at end of period				521.8	416.6	25%

Last quarter of 2011

During the last quarter of the year, Infrastructure Construction net sales grew by 41%, amounting to EUR 317.1 million (225.5). Net sales were boosted by special contracting in infrastructure construction, and the exceptionally long paving season in all Nordic countries. Also in the Baltic countries, particularly in Estonia and Latvia, the last months of the year exceeded expectations. The net sales of this business sector showed a loss that amounted to EUR -3.6 million (-4.9).

Year 2011

The net sales of the Infrastructure Construction business sector grew by more than 25 per cent in 2011, and amounted to EUR 1,178.8 million (932.9). Net sales in Finland grew in particular because of special contracting in infrastructure construction, and the concrete business sector. In Norway and Denmark, the paving season lasted longer than in the previous year. Volumes were also increased by the successful acquisition of Mesta Industri AS in Norway. Net sales in the Baltic countries also grew compared to the previous year. The order book of operations outside Finland grew by 60% and amounted to EUR 557.5 million (349.2). Infrastructure Construction generated 52% (55) of its net sales in Finland, 36% (31) in the other Nordic countries, and 9% (9) in the Baltic states.

The business sector’s operating profit quadrupled, totalling EUR 63.9 million (15.3). The most significant improvements in results could be observed in the operations in Norway and Denmark; however, profitability in Finland also surpassed the levels of the previous year. In mineral aggregates and the concrete business sector, in particular, profitability was clearly above past levels. Non-recurring items impacting the 2011 result include capital gains of EUR 15.3 for the sale of the roofing business and EUR 11 million in negative goodwill from the acquisition of Mesta Industri AS, which had a positive impact on the result of the business sector. The comparable year 2010 was burdened by, for example, loss-generating maintenance contracts in Norway, and the poor market situation in the Baltic countries.

The order book for Infrastructure Construction grew by 25 per cent, totalling at EUR 521.8 million (416.6). Growth in the order book was due mainly to the paving activities in Norway and Estonia, and to special contracting in infrastructure construction. International operations accounted for more than a half of the order book, i.e. EUR 285.4 (192.6).

Operations in Finland

In Infrastructure Construction, demand was high in nearly all business sectors. Numerous underground construction projects and mining in Northern Finland provided plenty of work in rock engineering. Lemminkäinen won two major Western Metro excavation contracts in the Helsinki metropolitan area with a total value of EUR 36 million. The Pahtavaara gold mine in Northern Finland provided continuation for Lemminkäinen's mine excavation contracting, as the company was selected as the excavation contractor for 2012 - 2013. The value of this contract is approximately EUR 20 million, and it includes an option for further excavation projects in 2014.

During the year, Lemminkäinen began works for three major parking facilities in Hämeenlinna, Espoo and Tampere. The projects continue in 2012, and their combined total value is approximately EUR 50 million. Moreover, the company is working on the excavation and interior contract for the Finlandia Concert and Conference Hall parking garage in downtown Helsinki. The value of this project is approximately EUR 40 million, and it is estimated to be completed in 2012.

The pickup in building construction in Finland also increases the demand for geotechnical engineering works, concrete products and mineral aggregates. Demand was high especially for concrete products. In 2011, the total volume of paving work in Finland remained at the level of the previous year in or, in some regions, even declined slightly. The paving market was burdened by the rising prices of raw materials, especially bitumen products. In spite of the deteriorating market situation, Lemminkäinen managed to retain the volume and profitability of the paving business sector at a good level. The company successfully defended itself from the rising bitumen prices with oil derivatives and contractual arrangements.

International operations

Early in the summer, Lemminkäinen completed the acquisition of Mesta Industri AS in Norway, making it the country's largest paving contractor in 2011. For the first time, the company now racks up greater net sales from paving operations in Norway than in Finland. In Western Norway, Lemminkäinen initiated a hydropower plant project that is estimated to be completed in the summer of 2013. The total value of the contract is about EUR 20 million. Also in Denmark, the paving season of 2011 was a good one, with Lemminkäinen's net sales and result growing considerably compared to the previous year.

In Sweden, Lemminkäinen has, in the past few years, solidified its position as a major special contractor in infrastructure construction. The company is currently engaged in sizeable mine excavation contracts in, for example, the mines of Svartliden and Kiruna. Moreover, during the current year, Lemminkäinen began the construction of bypass route for a power plant in Central Sweden. The value of this project is approximately EUR 43 million, and it is estimated to be completed in early 2014.

In the Baltic countries, activity in infrastructure construction has gradually increased, but construction volumes are still far from the peak figures of 2007. In the summer and early autumn, Lemminkäinen landed numerous infrastructure construction contracts in Estonia, Latvia and Lithuania, valued at a total of about EUR 48 million.

TECHNICAL BUILDING SERVICES

Key figures, EUR million	10-12/2011	10-12/2010	Change	1-12/2011	1-12/2010	Change
Net sales	84.7	74.1	14%	293.9	269.1	9%
Operating profit	4.3	-1.7		5.2	4.5	16%
Operating margin %	*5.1*	*-2.3*		*1.8*	*1.7*	
Order book at end of period				110.0	125.9	-13%

Last quarter of 2011

Net sales grew in October-December by 14%, amounting to EUR 84.7 million (74.1). The business sector’s operating profit was EUR 4.3 million (-1.7). The internal profitability improvement measures began to take effect on the result particularly in contracting towards the end of the year

Year 2011

In 2011, Technical Building Services’ net sales grew by 9%, amounting to EUR 293.9 million (269.1). 83 per cent of the net sales were generated in Finland. The business sector’s operations outside Finland largely comprise the construction of telecom networks in, for example, North and South America. Operating profit improved by 16% and amounted to EUR 5.2 million (4.5). The sector’s profitability improved especially during the second half of the year. The insufficient earnings trend early on in the year was impacted by the weak profitability of contracting and the rise in certain raw material and input prices. The sector implemented various profitability improvement measures, such as improving the efficiency of sales and marketing, productisation of services, and centralised procurement. Process management and follow-up of contracted projects were also developed further. At year end, the order book of Technical Building Services amounted to EUR 110.0 million (125.9).

In 2011, Lemminkäinen embarked on various contracted technical building service projects around Finland, both for new and renovation construction. The company won a contract, worth approximately EUR 4 million, for the pipe-laying, electrification and construction works at the Finnish food industry company Atria Plc's plant in Kauhajoki, western Finland. The construction works will be performed by Lemminkäinen’s building construction sector, and their total value is approximately EUR 6 million.

In Turku, the company is currently working on the technical building renovation contracts of Kultatalo and Linnakiinteistö. The company has also concluded an agreement with Itella, a provider of information and product flow services, on the maintenance and repairs of the ventilation systems of major postal centres and terminals around Finland. Moreover, Lemminkäinen is currently carrying out a large-scale electrification contract at the Kevitsa mine. The contract is valued at about EUR 9 million, and it is Lemminkäinen’s largest individual industrial electrification project.

INVESTMENTS

Gross investments in 2011 amounted to EUR 84.0 million (59.6), representing 3.7 per cent (3.3) of the company’s net sales. They were mainly replacement investments in infrastructure construction and individual acquisitions.

Lemminkäinen's most significant acquisition in 2011 was that of the Norwegian infrastructure construction company Mesta Industri AS for the price of around EUR 11 million.

ENVIRONMENT

Lemminkäinen takes life-cycle and environmental perspectives into account when developing its operations, products and services. The Group's management of environmental affairs and the environmental effects of operations are continuously monitored by means of internal monitoring and control programmes. The Group is moving ahead with its development programme that aims to define common goals for environmental responsibility, operational models and performance indicators until the end of current strategy period. Environmental reporting is being developed in line with the international GRI (Global Reporting Initiative) framework's G3 guidelines. In 2011, Lemminkäinen participated for the first time in the international Carbon Disclosure Project (CDP) analyses, which evaluates performance in climate-related issues. Concurrently, the company initiated a risk assessment on the impact of climate change to its operations.

The Company's Annual Report and website provide more information on Lemminkäinen's environmental issues.

RESEARCH AND DEVELOPMENT

Research and development activities at Lemminkäinen focus on the utilisation of information technology in construction, environmental and energy efficiency, and service development and productisation. The utilisation of building information modelling in project planning was developed further in 2011. The productisation of services moved ahead particularly in the Technical Building Services sector, which, in January 2012, launched an extensive product family that improves the energy efficiency and safety of buildings. Products and services are developed in long-term collaboration with customers.

In February, Lemminkäinen received a patent in the field of renovation construction for its apartment-block-raising method, with which an apartment block's additional building rights can be utilised efficiently and without disturbance to inhabitants. The method also enables installing elevators in older, non-elevator buildings.

The Group's business sectors are each responsible for their own research and development activities, which focus, for example, on developing the efficiency and operating environment of business activities, and quality assurance. Lemminkäinen's Central Laboratory carries out infrastructure construction R&D at Group level. In 2011, the Group's research and development expenditure accounted for approximately 0.7% of net sales.

EMPLOYEES

During the review period, the Group companies had 8,421 employees (8,314) on average. Of all employees, 69 per cent (71) were employed in Finland, 14 per cent (12) in other Nordic countries, 9 per cent (10) in Baltic countries and 8 per cent (7) in other countries.

Personnel, average	1-12/2011	1-12/2010	Change
Hourly paid employees	5,489	5,401	2%
Salaried employees	2,932	2,913	1%
Personnel, total	8,421	8,314	1%
- of whom working outside Finland	2,590	2,372	9%
Personnel at the end of the financial year	7,929	7,744	2%

Personnel by business sector, average	1-12/2011	1-12/2010	Change
Building Construction	2,228	2,063	8%
Infrastructure Construction	3,914	4,000	-2%
Technical Building Services	2,017	2,060	-2%
Parent company	261	191	37%
Group, total	8,421	8,314	1%

In Infrastructure Construction, Lemminkäinen gained about 170 new employees in connection with the Mesta Industri AS acquisition in Norway. In addition, about 400 employees left Lemminkäinen’s employ in Finland in early 2011 due to the divestment of the roofing business.

In early 2011, Lemminkäinen centralised its business support functions to create Shared services: at this time, employees from business sectors transferred to the parent company. Support functions are handled on a centralised basis by internal competence and service centres, enabling the business functions to focus more effectively on their core operations.

On 24 October 2011, Lemminkäinen initiated personnel negotiations that impact the whole Group. As a result of the negotiations, the company will make a reduction of a maximum of 300 man-years. All personnel reductions involved will be finalised by the end of 2012. These reductions mainly affect the management and salaried employees in Finland. The negotiations were part of Lemminkäinen's comprehensive efficiency programme, seeking annual cost-savings of EUR 50 million from 2013 onwards.

CHANGES IN THE ORGANISATION STRUCTURE

Changes taking effect during 2011

Lemminkäinen’s internal support functions – HR, financial administration, IT, legal affairs as well as communications and marketing – were centralised in internal competence and service centres that were launched at the beginning of 2011. The Group’s business sectors started using the competence and service centres during 2011. The target of shared services is to provide optimal support to business objectives. The company is seeking a competitive edge and support for growth from cost-effective, professional and high-quality internal support services.

Changes decided on in 2011 and taking effect from the beginning of 2012

On 1 January 2012, Lemminkäinen merged its international business operations into a new business sector. After the change, Lemminkäinen's business sectors include Building Construction, Infrastructure Construction, Technical Building Services and International Operations.

Henrik Eklund, M.Sc. (Eng.), who is a member of the Group's Executive Board, started out as the Executive Vice President of International Operations on 1 January 2012. His latest position was Lemminkäinen's Executive Vice President of Infrastructure Construction. Eklund is responsible for Lemminkäinen's operations outside Finland, where the most significant areas are infrastructure construction in Scandinavia and the Baltic countries, and building construction in Russia and Sweden.

Harri Kailasalo, M.Sc. (Eng.), eMBA, has been appointed Executive Vice President of Infrastructure Construction and a member of the Executive Board as of 1 January 2012. He is responsible for Infrastructure Construction operations in Finland. Earlier, Kailasalo was Senior Vice President in Lemminkäinen's Infrastructure Construction business sector.

Jukka Terhonen, M.Sc. (Eng), member of the Group Executive Board and Executive Vice President, Building Construction, will from 1 January 2012 onwards be responsible for Building Construction operations in Finland, and Marcus Karsten, M.Sc. (Econ.), Group Executive Board member and Executive Vice President, Technical Building Services, will assume responsibility for Finland's Technical Building Service operations.

LEGAL PROCEEDINGS

In 2009, the Supreme Administrative Court (SAC) ordered Finnish asphalt industry companies to pay an infringement fine for violations of the Act on Competition Restrictions.

In late 2011, a total of 40 claims for damages brought by municipalities and the Finnish state (Finnish Transport Agency) are pending against Lemminkäinen and other asphalt industry companies in the District Court. The claimants contend that restrictions of competition have caused them damages. The total amount of damages sought from Lemminkäinen is currently about EUR 117 million. After the Finnish Transport Agency changed its claim, the total amount of claims has risen by approximately EUR 15 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The ruling rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused any damages to the asphalt work clients. The ruling does not concern the individual contracts that the claimants cited in support of their claims. Nor does the ruling concern the pricing of individual contracts. The SAC has not investigated the contention that inflated prices that do not correspond to market prices have been charged for the contracts.

Lemminkäinen's initial position is that the claims for damages are without foundation. The claims will be processed in the order and schedule set by the District Court. Preparatory sessions for the trial began in January 2012, but a more detailed process and ruling schedule is currently not yet available.

No provisions have been made in respect of the claims of the municipalities and the Finnish Transport Agency that are pending in the District Court.

Lemminkäinen will provide information on the proceedings in its interim reports or in separate releases, as necessary.

RISKS AND UNCERTAINTIES

Risk management is an essential part of Lemminkäinen's business operations. The target of risk management is to ensure the achievement of strategic and operational targets, and to increase shareholder value. The Company's Annual Report and website provide more information on Lemminkäinen's major risks and risk management policy. A more detailed account of the financial risks is also provided in the notes to the 2011 financial statements.

Fluctuations in global economic trends cause uncertainty in the operating environment and complicate efforts aiming at forecasting future change. New construction in Finland is sensitive to economic cycles and therefore poses a market risk. This risk is managed both structurally and operationally. The more stable demand for infrastructure construction balances out fluctuating volumes in new domestic construction, as does the growth in maintenance, servicing and renovation.

The company's own housing development involves both sales and price risks. Unsold residential units tie up capital and therefore the Company starts new housing construction only if sufficient numbers of the units have been reserved by buyers in advance. When undertaking own development of business premises, the premises are usually sold to real estate investors in the early stages of construction at the latest, thereby reducing sales risks.

Project-specific risks generally involve changes in input costs and the management of project implementation. These are managed through systematic project management in both bidding and implementation phases. Weather conditions also pose a risk in the construction industry. Unusual or harsh weather can weaken the profitability of our operations by interrupting or delaying projects.

Lemminkäinen uses great amounts of oil-based products in asphalt production. The price of bitumen is tied to the global price of oil and the Company manages the bitumen price risk with oil derivatives and contractual terms.

Writs of summons filed at district court level by certain municipalities and the Finnish Transport Agency pose a risk.

SHARES AND SHARE CAPITAL

The Company has one share class. Each share carries one vote at a general meeting of shareholders and confers an equal right to a dividend.

The listed price of Lemminkäinen Corporation's share was EUR 26.00 (24.20) at the beginning of the financial year and EUR 18.72 (26.00) at the end. Market capitalisation at the end of the period was EUR 367.8 million (510.8). Share turnover during the period totalled 3,366,940 (4,171,666). The total value of share turnover was EUR 77.0 million (103.2).

Lemminkäinen's share capital is EUR 34,042,500 and the total number of shares is 19,644,764. Neither the share capital nor number of shares changed during the review period.

Authorisations of the Board of Directors

The Extraordinary General Meeting of Lemminkäinen Corporation, held on 12 November 2009, decided in accordance with the proposal of the Board of Directors to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling their holders to shares, as referred to in Chapter 10, Section 1 of the Finnish Companies Act, in one or more instalments, either against payment or without consideration. The Board of Directors is still authorised to issue 1,576,486 shares and/or special rights entitling their holders to shares. The authorisation is valid for five (5) years after being granted.

Lemminkäinen Corporation's Annual General Meeting, which convened on 4 April 2011, resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 1,000,000 own shares in one or several instalments, using the unrestricted shareholders' equity of the company, subject to the provisions of the Finnish Companies Act on the maximum amount of own shares in the possession of the company or its subsidiaries. The authorisation will remain in force for a period of 18 months from the resolution of the General Meeting. By the end of 2011, the authorisation had not been exercised.

SHAREHOLDERS

At the end of the review period, the company had 4,548 shareholders (4,979). Holders of nominee-registered shares and non-Finnish shareholders held 15 (8) per cent of all Lemminkäinen Corporation shares and voting rights. The Pentti family holds approximately 57 per cent (57) of all company shares. Company ownership and division by sector and scale, largest shareholders, and share ownership of the members of the Executive Board and the Board of Directors are available on the company's web pages at www.lemminkainen.com/investors.

Flagging notifications

On 13 September 2011, Peab AB announced that its holding in Lemminkäinen exceeded 5 per cent. According to the announcement, Peab AB (publ) held 1,140,225 Lemminkäinen Corporation shares, which is 5.80 per cent of Lemminkäinen Corporation's shares and votes. In addition to this, Peab Invest AS, a fully-owned subsidiary of Peab AB (publ), holds a forward contract of 940,000 shares, which represents 4.78 per cent of Lemminkäinen Corporation's shares and votes. The contract was rolled forward at the end of the review period. Lemminkäinen does not know the new maturity date.

On 2 December 2011, the death estate of Erkki Pentti announced that after a partial inheritance distribution, shares in Lemminkäinen Corporation belonging to the death estate were divided equally between Heppu Pentti and Anna Pentti. Following this, Heppu Pentti and Anna Pentti transferred their shares in Lemminkäinen Corporation to PNT Group Oy, of which they each own one half, as a contribution in kind. As a result, the shares held by Erkki Pentti's death estate in Lemminkäinen Corporation reduced from 3,673,956 shares, i.e. around 18.7 per cent of all shares and votes in Lemminkäinen Corporation, to zero. PNT Group Oy's shares in Lemminkäinen Corporation have risen by the corresponding amount, exceeding 15 per cent of all shares and votes in the company.

Shareholder agreements

The Company is not aware of any agreements between shareholders that would have a significant bearing on using the ownership or voting behaviour at general meetings of shareholders.

RESOLUTIONS OF THE ANNUAL GENERAL MEETING AND ADMINISTRATION

On 4 April 2011, Lemminkäinen Corporation's Annual General Meeting adopted the company's financial statements for 2010 and granted the members of the Board of Directors and the President and CEO discharge from liability. The General Meeting resolved, in accordance with the Board of Directors' proposal, to pay a dividend of EUR 0.50 per share to a total of EUR 9,822,382. The record date for payment of dividend was 7 April 2011 and the dividend was paid on 14 April 2011.

Berndt Brunow, Juhani Mäkinen, Mikael Mäkinen, Kristina Pentti-von Walzel, Heikki Räty and Teppo Taberman were re-elected to serve as members of the Board of Directors. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was re-elected to serve as the company's auditors, with Kim Karhu, Authorised Public Accountant, as chief auditor.

Lemminkäinen Corporation's Board of Directors held an organising meeting on 4 April 2011. Berndt Brunow will continue as the Chairman of the Board of Directors, and Juhani Mäkinen as the Vice Chairman.

OUTLOOK FOR THE NEAR FUTURE

Finland

The volume of new building construction is expected to decrease in 2012. Residential unit start-ups are restrained by the uncertain economic outlook and growth in new residential unit offering. Factors that support apartment purchasing continue to consist of increasing household income, low interest rates, and stable employment rates. Lemminkäinen estimates that it will start up the construction of about 1,000 units in its own residential development in Finland in 2012.

The real estate market has slowed down, and yield requirements, particularly for sites outside growth centres, have grown slightly. Demand for commercial construction is weakened by the cautiousness of tenants, who are not eager to get involved in ongoing projects. Lemminkäinen has extensive ongoing business premise projects in the Helsinki metropolitan area, and the order book for business premises is satisfactory. The company is preparing commercial building projects in growth centres, but they have as yet not been green-lighted.

The possibility of a slowdown in new building construction reduces demand for building technical service projects, although the industry will be impacted by this only after a delay. The growing need for piping renovations, repairs that improve energy efficiency and changes in heating methods increase the demand for building technical services and renovation regardless of economic trends. Lemminkäinen's order book in Technical Building Services is satisfactory, and the margins of the order book have clearly become healthier.

The volume of infrastructure construction is not expected to grow in 2012. Paving volumes are also likely to remain on the 2011 level. Demand for rock engineering is maintained by greater mining activity and underground excavation work in the growth centres. A number of new rail and railway projects will also be launched in 2012. Lemminkäinen has various ongoing special contracts in infrastructure construction around Finland, and the order book, in its entirety, exceeds that of the previous year.

Other markets

In Sweden, Norway and Denmark, the volume of infrastructure construction is growing faster than in Finland. In Sweden, demand is increased by major motorway projects in Stockholm and mining activity Northern Sweden. In Norway and Denmark, the number of road and rail projects has increased, which also supports the demand for paving works. The construction markets of the Baltic countries are gradually improving along with the recovery of their economies. Lemminkäinen has numerous infrastructure construction projects in progress in Norway, Sweden and the Baltic countries, which extend until 2012 - 2013.

In St. Petersburg, Russia, residential construction volumes are expected to remain roughly on the level of the previous year. Factors that impact residential unit demand include consumer purchasing power, domestic population shifts, the availability of consumer mortgages, and the general political and economic climate in Russia. Good plots are increasingly difficult to obtain, which may, to some extent, hamper new start-ups. Lemminkäinen has initiated a project of about 400 residential units on the Vasily island in St. Petersburg, and estimates the project will be completed in phases by the end of 2013.

Lemminkäinen'n profit guidance for 2012

Lemminkäinen estimates that in 2012, its net sales will remain on the same level as in 2011, and that its pre-tax profit will improve on 2011. This company's estimate of its net sales and profitability development is based on the year-on-year growth in the order book and its margins. The guidance is also based on the assumption that the market situation will not deteriorate considerably from late 2011.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, amounts to EUR 157,151,029.90, consisting of EUR 82,969,836.31 in retained earnings from previous years and EUR 13,184,493.09 in profit for the accounting period.

The Board of Directors will propose to the AGM that, for the financial year ended 31 December 2011, the company distributes a per-share dividend of EUR 0.50 to a total of EUR 9,822,382.00, after which retained earnings would stand at EUR 86,331,947.40.

EVENTS AFTER THE END OF THE REVIEW PERIOD

Lemminkäinen has received a flagging notification stating that in a deed of gift signed on 4th January 2012, Olavi Pentti bestowed 1,964,480 Lemminkäinen shares to his daughter, Noora Forstén. As a result, the shares held by Olavi Pentti in Lemminkäinen Corporation is reduced from 3,673,953 shares, i.e. around 18.7 per cent of all shares in Lemminkäinen Corporation, to 1,709,473 shares, i.e. approximately 8.7 per cent of all shares in the company, thereby falling below 10 per cent of Lemminkäinen Corporation’s shares and votes. Noora Forstén's shares in the company have risen from 1,593 to 1,966,073, which corresponds to 10 per cent of all shares and votes in Lemminkäinen Corporation.

Helsinki, 9 February 2012

LEMMINKÄINEN CORPORATION

Board of Directors

TABULATED SECTIONS OF THE FINANCIAL STATEMENT BULLETIN

ACCOUNTING PRINCIPLES

This financial statement bulletin has been prepared in accordance with IFRS recognition and accounting principles and complies with IAS 34 Interim Financial Reporting. The same IFRS recognition and measurement principles have been observed in the preparation of this financial statement bulletin as in the 2010 financial statements, except for the changes mentioned below. Information contained in the financial statement bulletin has not been audited.

Other adjustments

For the corresponding period, the company makes an adjustment for funds that were prematurely entered in 2008 in connection with a claim for compensation. As a result of the adjustment, profit is reduced by EUR 3.2 million and sales and other receivables by EUR 4.4 million, and deferred tax receivables are increased by EUR 1.1 million. The opening balance sheet dated 1 January 2010 and its appendices have been adjusted accordingly.

Standards and interpretations that came into effect in 2011

No standards or interpretations that would have an essential bearing on the consolidated financial statement came into effect in 2011.

The following interpretations and standards have no essential bearing on the consolidated financial statements: IFRS 3 (amendments), IFRS 7 (amendment), IAS 1 (amendment), IAS 24 (revised), IAS 27 (amendment), IAS 32 (amendment), IAS 34 (amendment), IFRIC 13 (amendment), IFRIC 14 (amendment), and IFRIC 19 (amendment).

Standards and interpretations adopted from the beginning of 2012

The following interpretations and standards will have no essential bearing on the consolidated financial statements: IAS 12 (amendment) and IFRS 7 (amendment).

FINANCIAL STATEMENTS AND OTHER TABULATED INFORMATION

1) Consolidated income statement
2) Consolidated statement of comprehensive income
3) Consolidated statement of financial position
4) Consolidated cash flow statement
5) Consolidated statement of changes in equity
6) Consolidated income statement, quarterly
7) Segment information
8) Economic trends and financial indicators
9) Share-specific indicators
10) Tangible assets
11) Acquired businesses
12) Discontinued business operations
13) Related-party transactions
14) Guarantees and contingent liabilities
15) Legal proceedings

1) CONSOLIDATED INCOME STATEMENT

EUR mill.	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
Net sales	659.0	503.6	2,274.1	1,829.6
Operating income and expenses	-640.9	-490.3	-2,184.4	-1,765.7
Depreciation	9.3	7.5	38.0	35.0
Impairment on goodwill			0.1	
Share of the results of affiliated companies	0.4	-0.5	1.9	0.7
Operating profit/loss	9.2	5.3	53.5	29.6
Financial expenses	7.5	11.2	30.4	41.7
Financial income	1.3	6.0	11.4	19.8
Profit/loss before taxes	3.0	0.1	34.6	7.6
Income taxes	-3.0	-1.5	-10.3	-5.8
Profit/loss from continuing operations	-0.1	-1.4	24.3	1.8
Profit/loss from discontinued operations		-0.5	11.3	-0.6
Profit/loss for the accounting period	-0.1	-1.9	35.6	1.2
Distribution of the profit/loss for the accounting period				
To shareholders of the parent company	-0.5	-2.6	34.7	0.3
To non-controlling interest	0.5	0.7	0.9	0.9
Diluted and undiluted EPS calculated from profit/loss attributable to parent company shareholders				
Continuing operations	-0.03	-0.11	1.19	0.05
Discontinued operations	0.00	-0.03	0.57	-0.03
Total	-0.03	-0.14	1.77	0.02

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
Profit/loss for the accounting period	-0.1	-1.9	35.6	1.2
Translation difference	1.7	1.6	-0.8	3.9
Cash flow hedge	0.1	0.2	0.6	0.5
Change in fair value	0.0	0.0	0.0	0.0
Other comprehensive income, total	1.8	1.8	-0.2	4.4
Comprehensive income for the accounting period	1.7	-0.1	35.3	5.5
Distribution of comprehensive income for the accounting period				
To shareholders of the parent company	1.2	-0.8	34.5	4.7
To non-controlling interest	0.5	0.7	0.9	0.9

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	12/2011	12/2010	Opening balance 2010
Non-current assets			
Tangible assets	207.2	175.3	184.6
Goodwill	85.7	84.8	78.3
Other intangible assets	18.7	14.4	2.7
Investments	15.3	14.0	12.8
Deferred tax asset	19.4	17.4	15.7
Other non-current receivables	4.8	7.2	7.5
Total	351.0	313.1	301.6
Current assets			
Inventories	448.5	369.8	374.7
Trade and other receivables	407.3	326.0	286.8
Income tax receivables	5.6	12.7	14.0
Cash funds	30.4	26.3	74.4
Total	891.8	734.8	749.9
Available-for-sale non-current assets		14.1	
Assets, total	1,242.8	1,062.0	1,051.5
Shareholders equity and liabilities			
Share capital	34.0	34.0	34.0
Share premium account	5.7	5.8	5.8
Hedging reserve	-0.9	-1.5	-2.0
Fair value reserve		0.0	
Invested unrestricted equity reserve	63.2	63.1	

Translation differences	1.4	2.2	-1.7
Retained earnings	210.6	221.3	231.3
Profit/loss for the period	34.7	0.3	
Equity attributable to shareholders of the parent company	348.7	325.2	267.4
Non-controlling interest	1.7	5.1	23.2
Shareholders equity, total	350.4	330.3	290.6
Non-current liabilities			
Deferred tax liabilities	21.7	17.6	19.0
Pension liabilities	3.9	0.5	0.7
Financial liabilities	194.6	214.1	290.7
Provisions	6.2	2.3	1.8
Other liabilities	3.2	3.9	2.4
Total	229.7	238.4	314.6
Current liabilities			
Financial liabilities	237.0	161.4	108.4
Provisions	7.5	6.4	8.3
Accounts payable and other liabilities	416.4	316.0	322.6
Income tax liabilities	1.8	5.2	7.0
Total	662.7	489.0	446.2
Liabilities recorded against available-for-sale non-current assets		4.4	
Liabilities, total	892.4	731.7	760.9
Shareholders equity and liabilities, total	1,242.8	1,062.0	1,051.5

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1-12/ 2011**	**1-12/ 2010**
Profit/loss before taxes	34.6	7.6
Depreciation and impairment on goodwill	38.1	35.0
Other adjustments	2.0	0.7
Cash flow before change in working capital	74.6	43.3
Change in working capital	-61.1	-45.5
Financial items	-16.5	-23.6
Direct taxes paid	-4.2	-11.4
Cash flow from operating activities	-7.1	-37.2
Cash flow provided by investing activities	43.3	34.4
Cash flow used in investing activities	-60.5	-44.9
Share issue for cash consideration		39.5
Change in non-current receivables	2.3	0.3
Drawings of loans	515.7	327.5
Repayments of loans	-478.9	-364.5
Dividends paid	-10.8	-2.1
Cash flow from financing activities	28.4	0.8

Change in cash funds	4.0	-46.9
Cash funds at beginning of period	26.3	74.4
Translation difference of cash funds	0.0	-1.2
Cash funds at end of period	30.4	26.3

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium account
C = Hedging reserve
D = Fair value reserve
E = Invested unrestricted equity reserve
F = Translation difference
G = Retained earnings
H = Non-controlling interest
I = Shareholders' equity total

EUR mill.	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
Shareholders' equity 1.1.2010	34.0	5.8	-2.0			-1.7	234.5	23.2	293.8
Adjustment							-3.2		-3.2
Adjusted shareholders equity 1.1.2010	34.0	5.8	-2.0			-1.7	231.3	23.2	290.6
Profit/loss for the accounting period							0.3	0.9	1.2
Translation difference						3.9			3.9
Cash flow hedge			0.5						0.5
Change in fair value				0.0					0.0
Comprehensive income, total			0.5	0.0		3.9	0.3	0.9	5.5
Share issue to investors for cash consideration					39.5				39.5
Share issue to non-controlling interest for cash consideration					24.3				24.3
Transaction expenses of share issues					-0.7				-0.7
Direct entries, non-controlling interest							-10.1		-10.1
Change in non-controlling interest								-17.1	-17.1
Cancellation of dividend liability							0.1		0.1
Dividend distribution								-1.9	-1.9
Transactions with owners, total					63.1		-10.0	-19.0	34.1
Shareholders' equity 31.12.2010	34.0	5.8	-1.5	0.0	63.1	2.2	221.6	5.1	330.3

EUR mill.	A	B	C	D	E	F	G	H	I
Shareholders' equity 1.1.2011	34.0	5.8	-1.5	0.0	63.1	2.2	221.6	5.1	330.3
Profit/loss for the accounting period							34.7	0.9	35.6
Translation difference						-0.8			-0.8
Cash flow hedge			0.6						0.6
Change in fair value				0.0					0.0
Comprehensive income, total			0.6	0.0		-0.8	34.7	0.9	35.3
Direct entries, non-controlling interest							-1.1		-1.1
Change in non-controlling interest								-3.3	-3.3
Transfers between funds		-0.1			0.1				
Dividend distribution							-9.8	-1.0	-10.8
Transactions with owners, total		-0.1			0.1		-11.0	-4.2	-15.2
Shareholders' equity 31.12.2011	34.0	5.7	-0.9		63.2	1.4	245.3	1.7	350.4

6) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10-12/ 2010
Net sales	659.0	748.8	550.0	316.3	503.6
Operating income and expenses	-640.9	-684.7	-519.7	-339.1	-490.3
Depreciation	9.3	13.8	9.9	5.1	7.5
Impairment on goodwill		0.1			
Share of the results of associated companies	0.4	1.5	0.2	-0.2	-0.5
Operating profit/loss	9.2	51.7	20.6	-28.0	5.3
Financial expenses	7.5	11.0	6.5	5.4	11.2
Financial income	1.3	4.8	1.9	3.4	6.0
Profit/loss before taxes	3.0	45.6	16.1	-30.0	0.1
Income taxes	-3.0	-10.6	-3.8	7.1	-1.5
Profit/loss from continuing operations	-0.1	35.0	12.3	-23.0	-1.4
Profit/loss from discontinued operations				11.3	-0.5
Profit/loss for the accounting period	-0.1	35.0	12.3	-11.7	-1.9
Distribution of the profit/loss for the accounting period					
To shareholders of the parent company	-0.5	34.6	12.3	-11.7	-2.6
To non-controlling interest	0.5	0.4	0.0	0.0	0.7
EPS calculated from profit/loss attributable to parent company shareholders					
From continuing operations	-0.03	1.76	0.63	-1.16	-0.11
From discontinued operations	0.00	0.00	0.00	0.57	-0.03
Total	-0.03	1.76	0.63	-0.59	-0.14

7) SEGMENT INFORMATION

IFRS 8 Operating Segment Reporting requires that reported segment information be based on internal segment reporting to management, which in Lemminkäinen Group means the President of Lemminkäinen Corporation, who is the chief operative decision-maker. Internal segment reporting to management covers net sales, depreciation, operating profit, non-current assets, inventories and trade receivables.

The segment information reported to management is generally prepared according to the same principles as those applied in the consolidated financial statements. Imputed items are not considered in segment reporting. Such items include, among others, depreciation of assets acquired by finance leasing, interest separated from payments and warranty provisions. In segment reporting to management, finance leasing arrangements are treated as ordinary rental agreements, which deviate from the accounting principles of IFRS financial statements. Affiliated companies are combined in segment reporting in proportion to ownership share using the line-by-line method. In IFRS financial statements affiliated companies are combined by the equity method. In segment reporting, intersegment sales are not allocated to segments, owing to their minimal magnitude, and are not reported to management.

BLDCO = Building Construction
INFRA = Infrastructure Construction
TECBS = Technical Building Services
OTHER = Other operations
ELIM = Group eliminations
SEGM = Segments total
RECON = Reconciling items
TOTAL = Group total, IRFS

EUR mill.

1-12/2011	**BLDCO**	**INFRA**	**TECBS**	**OTHER**	**ELIM**	**SEGM**	**RECON**	**TOTAL**
Net sales	894.1	1,178.8	293.9	31.0	-90.4	2,307.4	-33.3	2,274.1
Depreciation and impairment on goodwill	0.7	35.6	0.9	3.1		40.4	-2.3	38.1
Operating profit/loss	16.3	63.9	5.2	-16.6		68.8	-15.3	53.5

The reconciling items for net sales comprise EUR -29.5 million from the equity share treatment of associated companies and discontinued operations EUR -3.8 million.

The reconciling items for operating profit comprise EUR 0.7 million in personnel expenses, EUR 0.3 million from the IFRS treatment of finance leasing, EUR -1.0 million from the equity share treatment of associated companies and EUR -15.3 from discontinued operations.

EUR mill.

1-12/2010	**BLDCO**	**INFRA**	**TECBS**	**OTHER**	**ELIM**	**SEGM**	**RECON**	**TOTAL**
Net sales	770.2	932.9	269.1	11.4	-72.6	1,911.0	-81.4	1,829.6
Depreciation	2.1	34.8	0.9	1.0		38.8	-3.8	35.0
Operating profit/loss	25.6	15.3	4.5	-15.6		29.7	-0.1	29.6

The reconciling items for net sales comprise EUR -18.5 million from the equity share treatment of affiliated companies, EUR -62.9 million from discontinued operations and the treatment difference between entries made to net sales and other income.

The reconciling items for operating profit comprise EUR -1.1 million in personnel expenses, EUR 2.5 million from the IFRS treatment of finance leasing, EUR -0.7 million from the equity share treatment of associated companies, EUR 0.5 million from discontinued operations and EUR -1.4 million in other closing entries.

NET SALES **EUR mill.**	**1-12/ 2011**	**1-12/ 2010**
Building Construction	894.1	770.2
Infrastructure Construction	1,178.8	932.9
Technical Building Services	293.9	269.1
Other operations	31.0	11.4
Group eliminations	-90.4	-72.6
Segments total	2,307.4	1,911.0
Reconciling items	-33.3	-81.4
Group total, IFRS	2,274.1	1,829.6

OPERATING PROFIT/LOSS **EUR mill.**	**1-12/ 2011**	**1-12/ 2010**
Building Construction	16.3	25.6
Infrastructure Construction	63.9	15.3
Technical Building Services	5.2	4.5
Other operations	-16.6	-15.6
Segments total	68.8	29.7
Reconciling items	-15.3	-0.1
Group total, IFRS	53.5	29.6

NET SALES, QUARTERLY **EUR mill.**	**10-12/ 2011**	**7-9/ 2011**	**4-6/ 2011**	**1-3/ 2011**	**10-12/ 2010**
Building Construction	288.2	211.6	210.1	184.2	247.7
Infrastructure Construction	317.1	482.6	293.7	85.4	225.5
Technical Building Services	84.7	75.9	69.7	63.6	74.1
Other operations	8.8	8.3	7.4	6.5	2.9
Group eliminations	-23.4	-24.7	-23.2	-19.1	-21.5
Segments total	675.3	753.8	557.7	320.6	528.7
Reconciling items	-16.3	-5.0	-7.7	-4.3	-25.1
Group total, IFRS	659.0	748.8	550.0	316.3	503.6

OPERATING PROFIT/LOSS, QUARTERLY

EUR mill.	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10-12/ 2010
Building Construction	15.6	1.6	2.8	-3.7	18.1
Infrastructure Construction	-3.6	50.3	24.3	-7.1	-4.9
Technical Building Services	4.3	1.6	-1.4	0.7	-1.7
Other operations	-5.9	-3.6	-3.5	-3.6	-4.6
Segments total	10.5	49.7	22.4	-13.8	6.7
Reconciling items	-1.3	2.0	-1.8	-14.2	-1.4
Group total, IFRS	9.2	51.7	20.6	-28.0	5.3

ASSETS

EUR mill.	12/2011	12/2010
Building Construction	505.5	440.1
Infrastructure Construction	363.7	317.8
Technical Building Services	47.0	44.5
Other operations	50.8	46.2
Segments total	966.9	848.6
Assets unallocated to segments and Group eliminations, total	275.9	213.4
Group total, IFRS	1,242.8	1,062.0

8) ECONOMIC TRENDS AND FINANCIAL INDICATORS

	12/2011	12/2010
Return on equity, % 1)	10.5	0.4
Return on investment, % 1)	10.8	7.0
Operating profit, % of net sales	2.4	1.6
Equity ratio, %	30.8	35.0
Gearing, %	114.5	105.7
Interest-bearing net debt, EUR million	401.2	349.2
Gross investments, EUR million (incl. leasing purchases)	84.0	59.6
Order book, EUR mill.	1,400.4	1,226.4
- of which foreign orders, EUR mill.	482.5	294.3
Average number of employees	8,421	8,314
Employees at end of period	7,929	7,744
Net sales, EUR mill.	2,274.1	1,829.6
- of which operations abroad, EUR mill.	780.3	543.5
% of net sales	34.3	29.7

1) Includes the effect of discontinued operations

9) SHARE-SPECIFIC INDICATORS

	12/2011	**12/2010**
Earnings per share, EUR	1.77	0.02
Equity per share, EUR	17.75	16.55
Dividend per share, EUR	0,50 [1)]	0.50
Dividend to earnings ratio, %	28.3	over 100
Market capitalisation, EUR mill.	367.8	510.8
Share price at end of period, EUR	18.72	26.00
Trading volume during period, 1000 shares	3,367	4,172
Number of issued shares, 1000 shares	19,645	19,645
Weighted average number of shares over the period, 1000 shares	19,645	19,124

[1)] Board of Directors' proposal to the AGM

10) TANGIBLE ASSETS

EUR mill.	12/2011	12/2010
Aquisition cost in the beginning of accounting period	449.0	458.3
Translation difference	0.3	3.1
Increases	47.3	32.4
Increases from acquired businesses	26.3	7.9
Decreases	-58.9	-40.6
Discontinued operations		-12.2
Transfers between items	0.0	0.0
Accumulated depreciation	-256.8	-273.7
Carrying value at the end of accounting period	207.2	175.3

11) ACQUIRED BUSINESSES

Description of acquired companies, businesses and shareholdings

On 1 January 2011 the capital stock of Ylivieskan Putkiasennus Oy was acquired in its entirety. The company is engaged in the installation of heating, piping and ventilation.
Acquisition costs allocated to customer accounts and margins of the order book were booked in intangible assets in connection with the acquisition. The acquisition entails contingent additional acquisition prices, owing to which the final acquisition price will be confirmed within four years of the time of acquisition. The current value of the additional acquisition prices was recognised as a liability in the balance sheet.

On 26.5.2011 Lemminkäinen acquired Sotkamon Sora ja Sepeli Oy. The company is engaged in earth construction, crushing of mineral aggregates and concrete, selling mineral aggregates and public road maintenance contracting. The goodwill recognised on this acquisition comprises an increase in market share as well as cost-savings in procurements, logistics and production. The acquisition price will be settled in accordance with the agreed payment programme within three years of the time of the acquisition. The current value of the unpaid share was recognised as a liability in the balance sheet.

On 31.5.2011 Lemminkäinen acquired Mesta Industri AS. The company specialises in asphalt and mineral aggregates business.
Acquisition costs allocated to customer accounts and margins of the order book were booked in intangible assets in connection with the acquisition. The acquisition generated negative goodwill due to assets and liabilities being measured at fair value. The negative goodwill was recognised in other income from business operations in the income statement.

The recognised fair values of the acquired business operations after merging are presented in the table below.

EUR mill.	**Fair values after consolidation 31.12.2011**
Tangible and intangible assets	26.5
Investments	1.0
Deferred tax assets	4.8
Inventories	7.3
Trade and other receivables	12.7
Cash and cash equivalents	0.3
Assets	52.6
Pension liabilities	2.8
Deferred tax liabilities	0.4
Interest-bearing liabilities	0.4
Other liabilities	19.0
Provisions	4.7
Liabilities total	27.3
Net assets	25.3
Acquisition price paid in cash	14.4
The current value of acquisition price recognized as a liability	0.6
Acquisition cost, total	15.0
Goodwill	-10.3
Recognised in balance sheet goodwill	0.8
Negative goodwill recognized during the financial year	-11.1
Transaction price paid in cash	14.4
Cash funds of acquired subsidiary	0.3
Cash flow effect	14.1
Expensed acquisition costs	0.6

On the consolidation of the acquired business operations, EUR 105,0 million was recognised in net sales and EUR 5.6 million in operating profit. The net sales of the acquired business operations amounted to around EUR 117.6 in 2011, while operating profit totalled around EUR -1.0. If the acquired businesses had been consolidated into the Group at the start of the year, the Group’s net sales would have amounted to EUR 2,286,8 million and its operating profit would have totalled EUR 46.9 million

12) DISCONTINUED BUSINESS OPERATIONS

The Group sold its roofing business in January 2011. The result of operations of the sold unit and the capital gains from its sale were as follows:

EUR million	**1-12/ 2011**	**1-12/ 2010**
Income	3.8	62.9
Expenses	5.7	63.8
Profit before taxes	-1.9	-0.8
Taxes	0.5	0.2
Result for the financial period	-1.4	-0.6
Pre-tax capital gains from the sale of the roofing business	17.1	
Taxes	-4.4	
Capital gains after taxes	12.7	
Result for the period from discontinued operations	11.3	-0.6
Cash flows from roofing business		
Cash flow from business operations	-1.9	
Cash flow from investments	-0.1	
Cash flow from financing	2.0	
Cash flows total	0.0	

Impact of the sale of the roofing business on the Group's financial position

	31.1.2011
Tangible assets	2.0
Receivables	7.9
Inventories	5.2
Accounts payable and other liabilities	-4.2
Assets and liabilities total	11.0
Cash considerations	28.1

13) RELATED-PARTY TRANSACTIONS

EUR mill.	**12/2011**	**12/2010**
Sales to associated companies	0.6	0.3
Purchases from associated companies	13.6	4.1
Trade receivables from associated companies	0.0	0.0
Accounts payable to associated companies	0.6	0.1
Loan receivables from associated companies	0.1	0.1

14) GUARANTEES AND CONTINGENT LIABILITIES

EUR mill.	**12/2011**	**12/2010**
Securities for own commitments		
Business mortgages		0.4
Bonds pledged as security	0.0	0.3
Deposits		0.1
Total		0.7
Guarantees		
On behalf of affiliated companies	20.3	
On behalf of others	18.9	25.8
Total	39.2	25.8
Bonds pledged as security		
On behalf of others	0.1	0.1
Minimum lease payments of irrevocable lease agreements		
One year or less	13.0	15.2
Over one year but no more than five years	30.8	30.4
Over five years	13.4	17.5
Total	57.2	63.0
Purchase commitments of investments	7.2	7.1
Derivative contracts		
Forward foreign exchange contracts		
Nominal value	71.0	48.9
Fair value	-0.8	-0.9
Interest rate swap contracts		
Nominal value	35.7	58.1
Fair value	-1.6	-2.6
Commodity derivatives		
Volume, mill.	7,600	21,350
Nominal value	3.5	8.0
Fair value, €	0.2	0.1

The fair value of contracts is the gain or loss arising from closure of the contract based on the market price on the accounting date.

15) LEGAL PROCEEDINGS

In 2009, the Supreme Administrative Court (SAC) ordered Finnish asphalt industry companies to pay an infringement fine for violations of the Act on Competition Restrictions.

In late 2011, a total of 40 claims for damages brought by municipalities and the Finnish state (Finnish Transport Agency) are pending against Lemminkäinen and other asphalt industry companies in the District Court. The claimants contend that restrictions of competition have caused them damages. The total amount of damages sought from Lemminkäinen is currently about EUR 117 million. After the Finnish Transport Agency changed its claim, the total amount of claims has risen by approximately EUR 15 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The ruling rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused any damages to the asphalt work clients. The ruling does not concern the individual contracts that the claimants cited in support of their claims. Nor does the ruling concern the pricing of individual contracts. The SAC has not investigated the contention that inflated prices that do not correspond to market prices have been charged for the contracts.

Lemminkäinen's initial position is that the claims for damages are without foundation. The claims will be processed in the order and schedule set by the District Court. Preparatory sessions for the trial began in January 2012, but a more detailed process and ruling schedule is currently not yet available.

No provisions have been made in respect of the claims of the municipalities and the Finnish Transport Agency that are pending in the District Court.

Lemminkäinen will provide information on the proceedings in its interim reports or in separate releases, as necessary.